

HSVPOA THIRD PARTY MARKETING DISCUSSION

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Description

The [CEO](#) discusses HSVPOA third party marketing during the January 15, 2020 Board meeting. Most of this is covered in the pdf below. As her presentation to the Board is easily read in the pdf, I did not transcribe everything. What I did transcribe, was done to the best of my ability.

[12Third-Party-Marketing-Services-Discussion](#)

An important fact to glean from the CEO's presentation is that the Board will need to make a decision in February, as to whether the POA will engage the services of the [Sells Marketing Agency](#). Mr. Sells was present at the January 15, 2020 Board meeting.

Nalley: "If things are progressing positively, we'll invite Mr. Sells back at your February meeting, if you make a decision if it looks like we are moving towards that."

Campagna talks about Discovery Packages and Tellico Village

Campagna: "I'm not sure what the difference at Tellico Village is. It is my understanding they do 600 of these a year. Discovery Packages. And I am not suggesting, get to 600 overnight. But with a ten to fifteen percent growth rate on a 100, you don't get to 600 for some years; I am going to guess about 20 years."

Campagna: "But, guess at ten percent growth, it doubled every 7.2 years if my rules of 72 is correct. If we're now engaging, correct me if I'm wrong – our realtor community, in the methodology which is similar to theirs, shouldn't we have a higher growth rate than ten to fifteen percent of Discovery Packages?"

Nalley: "I don't...I would hope eventually we would. Tellico Village did not have that in their first years. They are seven years in. So, what I would hope, each year, this marketing plan – this should be updated and revised. Right?"

Nalley: "So, as we are ramping this up and we see that it's more achievable because of course we want our goals to be smart and we want it to actually be achievable. As we see that we can increase

beyond that, we should absolutely increase our goals. What we need – we’re starting from ground zero, though.”

Nalley: “So what we took was a conservative approach to what we believe and likely still a stretch, even for what Tellico Village did in their first couple of years. But we believe we can get there. Maybe not.”

Campagna: “Is there any way we can get the data?”[Untelligible]

Nalley: “We have that. That’s part of what we built this on. That’s part of why we built this trajectory in the way that we did.”

Separation of Marketing agency duties versus in-house

Nalley: “If you look at page six of the Sells Agency contract, it looks like everybody has it...”

Nalley: “So page six summarizes and defines the scope of the third-party service and it does so in specific time allotments and those time allotments, there are these items there:”

Nalley: “They’ll spend time on Discovery Packages and primary brand marketing, market research and strategic guidance, target audience analysis, website design, ongoing support, target audience marketing such as the things we were talking about, about targeting our [military members](#) and the golfers, etc.”

Nalley: “And as I mentioned, our very important goal, internally, so that internal marketing is clearly communicating what our amenity offerings are. Clearly communicating dining hours and entertainment and all of the things we are working on, on the Community Calendar and that sort of thing.”

Nalley: “Is there any question about those separations of duties?”

Primary brand marketing

Campagna: “I may be at the wrong time. Without discussing specific numbers in this, I don’t quite understand why such a high percentage of the expense is going to be, it would appear, around marketing Discovery Packages. I was under the impression that much of that would be done now through the methodology of using the 90 realtors through a part of this program. Not spending a whole bunch of advertising dollars or expertise on it.”

Nalley: “I think you’re only picking up on the...notice there is a slash. Right? So it’s Discovery Packages and primary brand marketing.”

Erickson: “So what exactly is ‘primary brand marketing’ for those of us that maybe don’t understand that vernacular?”

Nalley: “Now here’s a good question. Mike, would you like, or Paul, would you like to talk about the ‘primary brand marketing’? You’ll have to do it in a microphone. You can come and grab Buddy’s if you like.”

Paul Sage: “By ‘primary brand’ marketing we mean marketing the entire, come and see the Village, Explore the Village, come to the website, see everything we have...”

Sage: “Versus a specific amenity like golf, pickleball, trails, lakes. If you look at the ads, such as the current ad we have running in ideal-Living, it shows you the portfolio of things we have. So the ‘call to action,’ is to visit [Explore the Village dot com](#), to call the phone number or to look into the Discovery Package. So it is to ‘explore the Village’ as a whole.”

Campagna: “Paul, do you believe that currently we have a good quality of branding?”

Sage: “We certainly have established a look. We have established the focus on the activities that go on here and reasons to live here. But that’s why we are hiring more, proposing to hire an agency is to help us develop that. We’re not saying, ‘change the logo.’ We’re not saying, ‘change the overall message.’ But we have to enhance that and we have to find the people to whom that appeals.”

Campagna: “So to rephrase, part of this is for the Sells Agency to ‘spiff up’ our branding.”

Sage: “You could say that. Certainly it’s not just what we say. It’s where we say it. It’s how we say it. It’s the look. It’s being more strategic in finding where the people who are most likely for that message to appear – where they are. And they are not just in one place and they’re not just looking at one type of media.”

Sells Agency advises to not make assumptions about who your customer is

Nalley: “Now one of the things that I really enjoyed about our visit with the Sells Agency was they talked a lot about, ‘Let’s stop making assumptions about who your customer is. Who your...’ We don’t necessarily know from year-to-year who the golfer is, as a community. We may assume that we know. But there is data and evidence that will tell us that. So if we’re trying to target a specific item, doing some of that analysis and making sure that that branding is specifically focused on who our customer, who’s most likely to buy. You mentioned the cards, the bingo cards and the others. It’s really about who is most likely to actually be our customer. We’re very focused.”

Website design and ongoing support

Erickson: “I have a question with regard to website design and ongoing support. Are we talking, I’m going to describe as both sides of the website – there’s the public side, the promotional side? Then there’s the member resources side. Will they be working on both pieces or just the promotional side?”

Nalley: “So let me be careful to say that obviously with this number of hours, we’re not asking them to completely overhaul our website. Right?”

Nalley: “So as it strategically fits in with the branding or I guess the opposite way to say it is, if there are things on our current website today that contradict our branding – that is our first order of business.”

Nalley: “Obviously a lot on our members’ side, some of the functionality, I am going to say, ‘making a tee time,’ some of those things, those are tied to our [Total e](#) database and they will require some

expertise by Total e. What we would hope that would happen over time is that we would get those things very aligned so that our conversation with the, or our branding, our communication with the community on the members' side is equally or as flowing as the visitors' side is."

Nalley: "And they've made several recommendations. One of the things they most recently helped us with, as one example, is the Realtor Partner Program. That was an immediate need. We needed to get that in order to watch that program. We needed to get those things set up, so actually their agency helped us with that. Does that make sense? I don't want to characterize it as, 'there's now this big – we're going to see a big transition.' We've already spent, and this is my, you know, we can devote resources as much as you want. We've already spent, over the last ten years, hundreds of thousands of dollars on changing our website – tweaking our website. What we want to do now is be very targeted about the pieces we mix. And as it touches the Total e database, no they will not be involved, other than the look and feel."

Where marketing dollars are being spent

Podawiltz: "The question that I had asked for those – I sent it by email and it was in regards to how does this \$84,000 piece relate to the Operating Expense Budget of \$395,000." [\$84,000 is the cost of hiring the Sells Agency for one year and \$395,000 is the HSVPOA budgeted amount for marketing. This does not include salaries.]

Podawiltz: "And that's what I am still trying to get my head around and I understand that, I mean the credentials for the Sells Agency are very good. I've read through everything and I've got all that. I've got that down."

Podawiltz: "But I am still looking at, being a number person, I'm still looking at Operating Expenses and \$395,000 and we're looking at a slice of \$84,000 – right now with this contract. So that's still leaving us \$311,000, if you will on Operating Expenses to be, you know, for the budget standpoint. So what we're looking at for \$311,000 then will be additional ad buys, social media..."

Nalley: "And then your basic operating expense. Office expense. Right?"

Podawiltz: "Sure."

Nalley: "I mean the majority of it is the ad buys. But you have a small piece in there that's pencils or whatever. You have some materials that you purchased. Liz, you have?"

Podawiltz: "We've got the swag that we give out for the Discovery Packages and the trade shows."

Mathis: "A large chunk of it is actually printing and postage on the Advocate. That is a big chunk of that."

Podawiltz: "Advocate. Okay."

Erickson: "So the \$395,000 does not include compensation of the two marketing people?"

Podawiltz: "No, that is in the Compensation number."

Nalley: "In your budget, if you looked at that – yeah, that's separate. Right?"

Nalley: "That's the reason why the total budget is...the net operating budget is \$636,000 for marketing."

Podawiltz: "I think as it related to my question the other day, this \$84,000 obviously is just a very, very small piece of this operating expense amount. And I see on the contract what we're asking the Sells Agency – what the Sells Agency is agreeing to do for that \$84,000 – the hours spent, per Tormey's and Cindi's discussions."

Podawiltz: "My question was, 'Will we be using this agency also for further work and will we be seeing that then in terms of further contracts or is that going to be broken down in something other than \$50,000 limit?'" [The CEO has a \$50,000 limit on spending at one time.]

Nalley: "What I've asked Paul to do is that all of the Sells work remain within this contract amount. We don't want to have any surprises. Now I can't promise you that we won't come back and we won't say, there is this phenomenal opportunity – that we want permission to increase that buy. I don't know that we'll do that. And I told Paul, that would be a last resort. But it would be a decision that would come and as far as I am concerned, every dime that we pay the Sells agency is this number right here, unless we come back to you and say that otherwise."

Podawiltz: "Okay. Don't you – I don't – I try to do some research on this because I don't come to this from a marketing background. But isn't it typical that when you're doing advertising, you buy ad packages and you can negotiate discounts and there's different market pricing and different times run and there's just a lot of variables that go into that. And that doesn't seem to me to be part of this contract."

Nalley: "That's Paul's job."

Podawiltz: "That's Paul's job."

Nalley: "And as a matter of fact, we actually saved, I guess we saved our, no, we didn't save ourselves, we prevented the additional fifteen percent markup that normally happens when you make an ad buy. [Our previous marketing company received this additional fifteen percent markup.] Usually the agency gets a percentage of that. And as you saw in this contract, that's not part of our agreement with Sells because Paul is managing those relationships."

Podawiltz: "Okay, thank you."

Why HSVPOA chose Sells Agency

Nalley: "So, I just want to acknowledge, I mean we heard the Board; we heard the community; you wanted to see a comprehensive look at our various third-party services. And that's what we pulled into this contract. We chose a firm who we believed could meet all of those needs in one contract and who understood that we didn't want to exceed that, unless it was, unless we all came back together and discussed that. So, and that's the reason also why I love the fact they put in, let me see which page it's on. Here's some tracking. Paul do you remember the tracking section of the contract?"

Nalley: “On the first page, number three. Item three. So you notice there, there’s some very specific language that says, you know the client, Hot Springs Village, has to approve if there are any additional services. And it’s Paul’s job to make sure that we don’t get there. We don’t need additional services. We handle it in-house or we do a better job of managing it externally. That’s one of the reasons why... You know in future years, you may see, I am not saying this is the number forever. But this is what we’ve locked down for them for this year. In future years we may need them to produce more photography, more videos, etc. That may be a whole different conversation. But for what we prioritize this year, that’s the number. Right? And we will stay on top of that.”

Nalley: “Mike, did you have a question?”

Medica: “I don’t have a question. But I undertand this firm also is the main marketer for Ozark Bank, which... [this was corrected and it is actually Arvest Bank]. Arvest. Excuse me. So they’re an Arkansas company with a very good background. So I think that’s good for us.”

Nalley: “They have a great reputation and if you looked at their response to the proposal, you’ll see some of those listed in there.”

The CEO asked for the Board’s support at the February Board meeting.

The Sells Agency has indicated that they would like to go to one of the upcoming trade shows and “really learn about what the questions are that people are asking about your community. What your team is saying and just get a good understanding of that.”

Nalley: “When you have a potential partner who says, ‘hey, we stand ready to go and learn and to execute.’ That gives us some confidence. So that’s the next step, should we approve this.”

Nalley: “Between now and your approval and kicking off, we will be working with, just like I mentioned we’re working with Sells. We’ll work with Sells on our webpage updates. The things that we have to do, to get ourselves started, we’re going to continue doing those in very small pieces. But we’re hoping that in February we have your approval and we roll into our agreement.”

Note: We were not able to see any details of the Sells Agency contract so we do not know all the details.

[Click here to watch the CEO’s Third-Party-Marketing Presentation](#)

By Cheryl Dowden

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